

701—65.21(452A) Key/card-activated pumps.

65.21(1) Special fuel may be dispensed tax-free from key/card-activated pumps which dispense only nonhighway fuel providing the fuel is placed into storage tanks or in fuel supply tanks of vehicles which are used for nonhighway purposes. The dealer has the responsibility to ascertain how the fuel will be used by the key/cardholder and to monitor its use. The key/cardholder must have a valid need for purchasing the fuel tax-free and may submit a blanket exemption to the dealer provided detailed records are maintained by the dealer which can be audited by the department. If detailed records are not maintained, individual exemption certificates will be required to support each tax-free sale. The pump must be designed in such a manner that the fuel is dispensed at a rate of at least 20 gallons per minute. If the department finds that a key/cardholder purchasing fuel tax-free subsequently uses it for highway purposes, the department will notify the dealer that the key/cardholder is no longer eligible to purchase fuel tax-free. If the dealer continues to make tax-free sales to the key/cardholder after notice, the department will initiate proceedings to cancel the dealer's special fuel license.

65.21(2) Special fuel may be dispensed tax-free from key/card-activated pumps which dispense both highway and nonhighway fuel providing the dealer collects a certificate of exemption each time a purchase of nonhighway fuel is made or the key/cardholder submits a monthly exemption certificate to the dealer to substantiate exempt purchases of nonhighway fuel. All sales of fuel made from pumps which dispense both highway and nonhighway fuel which are not supported by an exemption certificate are deemed to be a tax-paid sale and the dealer is responsible for the tax on the sale.

This rule is intended to implement Iowa Code sections 452A.34 and 452A.68.